

**GOVERNMENT OF INDIA  
CHEMICALS AND FERTILIZERS  
LOK SABHA**

STARRED QUESTION NO:388  
ANSWERED ON:18.12.2001  
SUBSIDIES ON FERTILIZERS  
P.C. THOMAS

**Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:**

- (a) whether subsidy on certain fertilizers has been reduced or withdrawn during the last three years;
- (b) if so, the details in this regard; and
- (c) the details of all subsidies now available to farmers?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI S. B. MOOKHERJEE)

(a) to (c) : A statement is laid on the table of the House

Statement referred to in reply to parts (a) to (c) of Lok Sabha Starred Question No. 388 to be answered on 18.12.2001.

(a to (c): Government provides subsidy to urea manufacturers as the difference between the retention price (cost of production plus 12% post tax return on net worth) and the statutorily notified Maximum Retail Price of Urea, which is the only fertilizer covered under the Retention Price-cum-Subsidy Scheme. Retention prices of urea units are determined unit-wise. Government also provides concession at specified rates to manufacturers and importers of decontrolled phosphatic and potassic fertilizers covered under the Concession Scheme since the MRPs indicated for these fertilizers are less than the cost of production. The rates of concession on decontrolled phosphatic and potassic fertilizers except SSP are adjusted on quarterly basis according to fluctuations in the prices of raw materials/intermediates (ammonia and phosphoric acid) and the exchange rate as well as the prices of DAP in the international market. The purpose of subsidy/concession scheme is to supply fertilizers to the farmers at affordable prices, while providing to the fertilizer manufacturers a reasonable return on their net worth.

As would be seen from the amount of subsidy/concession disbursed on urea and decontrolled phosphatic and potassic fertilizers during the last three years as given in the table below, the expenditure on subsidy/ concession has increased:

(Rs. in crore)

| S.No. | Period | Total Amount of<br>subsidy/concession<br>disbursed on Urea and<br>decontrolled phosphatic<br>and potassic fertilizers |
|-------|--------|-----------------------------------------------------------------------------------------------------------------------|
|-------|--------|-----------------------------------------------------------------------------------------------------------------------|

|    |         |          |
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| 1. | 1998-99 | 11387.16 |
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| 2. | 1999-2000 | 13244.07 |
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| 3. | 2000-2001 | 13800.00 |
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